

MINUTES
REGULAR MEETING OF THE BOARD OF COMMISSIONERS
HUMBOLDT BAY HARBOR, RECREATION AND CONSERVATION DISTRICT

28 September 2006

PRESENT:

Commissioner Pellegrini
Commissioner Curlless
Commissioner Wilson
Commissioner Hunter
Commissioner Ollivier

The Closed Session was called to order at 6:00 p.m. Closed Session adjourned at 6:21 p.m.

The regular meeting of the Board of Commissioners was called to order by President Pellegrini at 7:00 p.m.

Commissioner Mike Wilson led those present in the Pledge of Allegiance.

District Counsel reported on the items discussed during Closed Session: real property negotiations and potential litigation - Shelter Cove Fish Cleaning station; real property negotiations - status of the Samoa Shops property; and personnel matters - Bar Pilots' contract, which would be discussed in Open Session. No action was taken on these items during Closed Session.

PUBLIC COMMENT

David Elsebusch said the Arkley purchase of the Balloon Track, a transfer of private property, is a momentous occasion and he urged the Board of Commissioners to congratulate them publicly.

CONSENT CALENDAR: None

CEO REPORT

- ❖ 9/15: Security enhancements on the Redwood Dock Marine Terminal were completed. CEO reported the majority of the expenses incurred will be reimbursed through grant monies.
- ❖ 9/18-20: CEO, Conservation Specialist and Commissioner Wilson attended the California and World Ocean Conference '06. Conservation Specialist and CEO were panelists for the conference. CEO reported the reception the Board of Commissioners approved at the last meeting was successful. CEO estimated 75-80 people attended the three-hour reception highlighting the Humboldt Bay Management Plan. CEO noted that many agency representatives from NOAA, California Coastal Commission, State Water Resources Control Board and others attended. CEO read a portion of e-mail from Jack Dunnigan, Assistant Administrator with NOAA's National Ocean Service, complimenting the Harbor District and the District's planning efforts.
- ❖ CEO received notice today from Washington DC lobbyist Will Edington that WRDA once again has a slim chance of being put to a vote this year.
- ❖ 9/21: CEO attended North Coast Brownfields Workshop and said it was a good refresher course to get familiar with the laws and regulations governing brownfields.
- ❖ 9/27: Commissioners Curlless and Hunter met with Ted Loring, Jr. in an organizational meeting for the 2007-2011 Strategic Plan. They discussed the criteria for choosing seven people to participate on the advisory committee.
- ❖ 9/28: CEO Chaired the Harbor Safety Committee and the discussion centered on the Dock Address System. Also Greg Crawford, HSU, made a presentation on a proposal to install and operate a CODAR system that will show currents offshore of the north coast.
- ❖ 9/30: The Humboldt Bay Maritime Expo will happen from 10 a.m. – 4 p.m.

DISTRICT COUNSEL'S REPORT

District Counsel reported he would be out of the office October 2-13 and Russ Gans will be the contact person in his absence.

STAFF REPORT

District Treasurer and Administrative Assistant presented the Treasurer's Report and Management Report for the month of July 2006.

COMMISSIONER REPORTS

Commissioner Wilson reported the California and World Ocean Conference '06 was valuable and he was pleased to see so many people from Humboldt County. Commissioner Wilson complimented staff on the reception held at the conference. He said there were many people in attendance and lots of good questions. During the first day of the conference, Governor Schwarzenegger announced the implementation of a Tri-State Ocean Initiative, a cooperative for ocean health, and the Governors of the states of Oregon and Washington attended by satellite for the historic announcement.

Commissioner Hunter reported he met with Rich Somerville, the new editor of the Times-Standard.

Commissioner Ollivier stated he liked the new editor's recent editorial regarding infrastructure within Humboldt County.

ADVISORY COMMITTEE REPORTS

Commissioner Hunter stated the 2007-2011 Strategic Plan development process will consist of appointing seven members of the public to participate on the committee and 6-8 public meetings will be held to discuss the various components of the Plan.

OTHER: None

NON-AGENDA: None

UNFINISHED BUSINESS: None

NEW BUSINESS

A. CONSIDERATION OF APPROVAL OF EMPLOYMENT CONTRACT WITH CAPTAIN JOHN POWELL FOR THE POSITION OF BAR PILOT.

CEO reported in December 2005, the Board of Commissioners adopted a resolution establishing two Bar Pilot positions. The Bar Pilots provide an essential element to port development and port management. Recently, due to a low level of ship activity, the Bar Pilots have had to consider either moving out of the area or increase their pilot rates, which could be cost prohibitive for ships to come to Humboldt Bay. Neither of these options was determined to be in the port's best interest, thus the creation of the Bar Pilot positions.

Commissioner Curless, Commissioner Ollivier, District Counsel and CEO met several times with the Bar Pilots and developed employment contracts very similar to the typical employment agreements currently used by the Harbor District for other management positions. CEO stated that even though the hiring of the Bar Pilots presents a significant cost to the District, the District now would receive the income the Bar Pilots are currently receiving. There will most likely be a loss of income during the first few years since current ship traffic is low; however, once ship traffic increases, due to future port development, increased income is expected.

Commissioner Curless stated it is imperative there are two fully trained bar pilots in Humboldt Bay due to the hazardous conditions of the bar and entrance. He said the Advisory Committee reviewed bar pilot information from Oregon, Washington and Southern California ports in developing the specifics in the employment contracts.

COMMISSIONER CURLESS MOVED FOR THE APPROVAL OF EMPLOYMENT CONTRACT WITH CAPTAIN JOHN POWELL FOR THE POSITION OF BAR PILOT. COMMISSIONER OLLIVIER SECONDED.

Commissioner Wilson asked if the pilots will be required to work a specified number of hours per month in addition to the pilot hours worked. Commissioner Curless responded the pilots are on call 24/7, but there are no specific requirements. CEO stated management employees are not required to work a minimum/maximum number of hours per day; but the Bar Pilots will be required to attend a weekly staff meeting and to be working at the Harbor District at least three days per week on the other tasks outlined in the employment contracts.

Commissioner Wilson asked who would be responsible for the administration and invoicing for shipping tariffs. CEO responded ultimately, the District's Administrative and Bookkeeping staff will conduct the invoicing; however, there will be a transition period during which time the pilots will assist staff to set up the tariff schedule and billing process.

Commissioner Wilson asked if there would be an increase in liability insurance premiums. CEO stated that since the pilots are not officially in control of the ships, their liability is limited.

Commissioner Wilson asked about the vessels the pilots will use in order to get to the ship. CEO responded Knutson Tug Boats would bill the ship owner for their use, as is current practice.

Commissioner Wilson stated he would like to see a "Plan B" as to how the service of bar pilots will be sustained. CEO stated that Ordinance 15 contains professional growth standards and/or recruitment and replacement and having the pilots, as employees will help with those decisions.

David Elsebusch said having the Bar Pilots as employees doesn't pencil out. He suggested the Harbor District subsidize their salary each month. He said this is an unsatisfactory direction because even if the Harbor District expects more ships, will they really come?

Commissioner Wilson said he initially was skeptical about hiring the Bar Pilots, but then thought about what happens to the port if there are no Bar Pilots – ships will not come here.

Commissioner Hunter stated he thought hiring the Bar Pilots is a sound business decision. Now the Board of Commissioners has to move forward, develop the port and increase shipping. In order to do that, there must be well qualified Bar Pilots for Humboldt Bay. He said this is an investment in the future of the port.

Andy Colonna asked if there was a time limit on the pilots' contract. President Pellegrini responded there was no term as the pilots are at-will employees. President Pellegrini also responded there will be periodic evaluations of the contract and the revenue and expenses associated with the Bar Pilots will be included in future budget discussions.

President Pellegrini reminded the Board of Commissioners if there are no Bar Pilots for Humboldt Bay, the federal funding for the maintenance dredging of the bar and entrance will likely be withdrawn, which will have an adverse effect on recreational and commercial fishing.

Commissioner Ollivier said Captains Petrusha and Powell are assets to the Harbor District and Humboldt Bay and he is proud to have them become a part of the Harbor District.

MOTION CARRIED WITHOUT DISSENT.

B. CONSIDERATION OF APPROVAL OF EMPLOYMENT CONTRACT WITH CAPTAIN TIM PETRUSHA FOR THE POSITION OF BAR PILOT.

COMMISSIONER CURLESS MOVED FOR THE APPROVAL OF EMPLOYMENT CONTRACT WITH CAPTAIN TIM PETRUSHA FOR THE POSITION OF BAR PILOT. COMMISSIONER HUNTER SECONDED.

David Elsebusch asked if there is a potential for the Harbor District to increase revenues if more ships come to Humboldt Bay. President Pellegrini responded the more ship traffic there is, the more pilot fees and Harbor Improvement Surcharge will be collected.

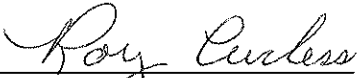
CEO reported five years ago Grays Harbor in Washington was in a similar situation. The Advisory Committee spoke with the Port Director to learn how Grays Harbor solved their loss of revenue. Grays Harbor also hired their Bar Pilots and the first three years they realized a loss in revenue. However, their port division showed an increase in revenue for the fourth year.

MOTION CARRIED WITHOUT DISSENT.

ADMINISTRATIVE AND EMERGENCY PERMITS: None

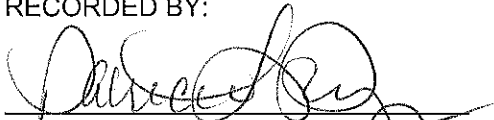
The Regular Meeting of the Board of Commissioners adjourned at 7:41 p.m.

APPROVED BY:



Roy Curless, Secretary

RECORDED BY:



Patricia L. Tyson, Admin. Assistant